The provisioning requirement for the unsecured portion of the doubtful assets category continues to remain 100% as hitherto.

The asset of a financial institution would be treated as non-performing if the interest and/or instalment or principal remain overdue for more than 90 days with effect from the year ending 31.3.2006.

(d) and (e) The changes have been made on the recommendations of the Committee on the Banking Sector Reforms. The Report of the Committee was tabled before both Houses of Parliament in 1998.

Customs Duty exemption on MRI equipment

1242. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government allow part exemption of customs duty on MRI equipments imported by Corporate Hospitals;

(b) whether such concessions are denied when such equipments are imported for rural areas;

(c) if so, the reasons therefore; and

(d) the concessions/exemptions proposed to be given to MRI and other costly imported equipments for use in clinics/dispensaries or hospitals in rural areas to help the poor villagers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Magnetic Resonance Imaging (MRI) system attracts a concessional custom duty of 5% MRI system is also exempt from excise duty and thereby from additional duty of customs (CVD). These concessions/exemptions are available to any importer of MRI system.

(c) Does not arise in view of (a) and (b) above.

(d) A large number of life saving, sight saving, ENT, dental and other medical equipment are already allowed concessional customs duty. A concessional customs duty of 5% with nil CVD is also available for hospital equipment (including MRI systems) if imported by hospitals run by Central Government, State Government, Union Territories or any local authority or by a hospital run by a society controlled by such Authorities. No further

customs duty concession/exemption for MRI or other costly imported equipment is presently under consideration with the Ministry of Finance.

NPA OF BANKS

1243. SHRI NANDI YELALIAH: Will the Minister of FINANCE be pleased to state:

(a) whether nearly 27 banks written off Rs. 15,053 crores as bad loans in the last few years;

(b) if so, the details since 2002;

(c) the details of remedial measures taken so far in the banking system to remedy this deplorable state of affairs which is going against the interest of depositors and the nation;

(d) if not, the reasons therefor in not taking remedial measures?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. Public Sector Banks have written off Rs. 15,876 crores during the past two years (i.e. 2001-02 and 2002-03). The total loans written off by Public Sector Banks in 2002-03 amounted to Rs. 9,448 crores whereas in the financial years 2001-02, it amounted to Rs. 6,428 crores.

(c) and (d) Loans are written off as a last resort by the banks when all efforts to recover the loans fail or as part of settlement with the borrowers. To avoid this writing off and recover dues of the bank, Government of India and Reserve Bank of India have advised the banks and financial institutions to take several steps on a continuous basis. These *inter-alia* include evolving and implementing a recovery policy by banks, filing of suits (in civil courts/ DRTs), compromise settlement and monitoring and follow up of NPAs at various levels. Credit Information Bureau has also been set up to disseminate information on borrowers among the banks. Corporate Debt Restructuring (CDR) scheme has been put in place to provide a transparent mechanism for restructuring of corporate debts of viable entities facing problems due to internal and external factors. Asset Reconstruction Company (India Ltd.) has been incorporated for the purpose of addressing Non-performing Assets. "The Securitization and Reconstruction of Financial